



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 1/2/2003

GAIN Report #JM3001

Jamaica & Dep

Oilseeds and Products

Annual

2003

Approved by:

David G. Salmon

U.S. Embassy, Santo Domingo

Prepared by:

Sylburn Thomas

Report Highlights:

Because of the closure of Jamaica's only soy extrusion plant, soybean imports have become insignificant. Soybean meal imports have continued to strengthen, due to strong demand by the poultry feed industry. Total production of refined soybean oil was 11,293 MT during MY 2001, a 13 percent decline from MY 2000.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Santo Domingo [DR1], JM

Executive Summary

Jamaica's sole soy extrusion plant remains close and there are no indications of the reactivation of the plant over the next decade. Consequently, Jamaica satisfies all its demand for soybeans, soybean meal and soy oil through imports from the United States, Canada, (Caribbean Community) CARICOM countries, and recently, Argentina.

Generally, Jamaica's total consumption of soybean meal, backed by a heavily protected and expanding broiler industry, is expected to remain stable over marketing year (MY) 2002 through 2004, reaching 87,416 metric tons (MT) during MY 2003. The contribution of cattle feeds to total soybean meal consumption is expected to decline, due to the out-sourcing of a significant portion of Jamaica's sole feed lot operation and continuous contraction in the beef industry.

Influenced by consumer health awareness, consumption of edible oils and fat is expected to decline over the medium to long term. Within the declining oil market, soybean oil is expected to retain market leadership, based on its perceived superior health benefits vis-a-vis other oils of plant or animal origins. Importation of soybeans is expected to remain insignificant as the extrusion plant is likely to remain closed.

The United States was the primary supplier of crude soybean oil to Jamaica during calendar 2001, accounting for 75 percent of total imports. The strong negative correlation between crude and refined soy oil importation is explained by the movement of SEPROD and JEOFCo., Jamaica's two soy oil refining companies, along their respective learning curves to increase efficiency and competitiveness. Over MY 2002 to MY 2004, importation of refined soy oil is expected to remain low.

SOYBEAN

Production

There is no domestic production of soybeans in Jamaica.

Consumption

Consumption of soybeans in Jamaica was historically driven by the demand for soybean meal. However, since the closure of Jamaica's sole soy extrusion plant (Jamaica Soya Product Industries) consumption of soybean has become insignificant. During calendar 2001, Jamaica imported only 95 MT of soybeans.

Trade

Jamaica's 95 MT of soybean imports during CY 2001 originated from Canada, accounting for 80 percent, and the United States, accounting for the remaining 20 percent. Trade in soybean is expected to remain insignificant as there are no plans to reactivate the closed extrusion facility. Soybeans currently enter duty free.

Policy

Since the closure of the Jamaica Soya Product Industries (JSPI), trade in and policy towards soybean remained unimportant. There are no tariff barriers to soybean import since the 65 percent duty was removed at the time of closure of the JSPI.

Soybean PSD Table

PSD Table						
Country	Jamaica & Dep					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2001		01/2001
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	0	0	0	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	0	0	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	0	0	0	0	0
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Meal

Production

There is no domestic production of soybean meal in Jamaica.

Consumption

Soybean meal consumption in Jamaica is expected to remain relatively stable over MY 2002 and 2003, as feed mills do not anticipate any significant increases in mixed feed production. Jamaica's three feed mills -- Newport Mills, Master Blend and JLA Feed Mills -- expect total feed production to expand by only 5 percent during MY 2002. Consumption of soybean meal in Jamaica is influenced entirely by the livestock sub-sector and, particularly, by the poultry industry, which accounts for approximately 86 percent of total soybean meal consumed in animal feeds. The relative contribution of cattle feeds to total soybean meal consumption is expected to diminish significantly over MY 2002 through 2004, as one of the two vertically integrated livestock operations has out-sourced a portion of its feedlot operations. Total beef and veal production, which declined by 4.8 percent during 2001, will continue to decline under depressed prices and changing consumer preferences. Despite concerted government efforts to revitalize the swine industry, pork production and swine feeds still remains infinitesimal.

Notwithstanding the continuous contraction in the cattle industry, the total consumption of soybean meal is expected to remain stable over MY 2002 through 2004, as the poultry industry continues positive annual growths influenced largely by expansion in the broiler industry, which grew by 11.3 and 6.5 percent during calendar 2001 and 2000, respectively. Broiler production, and by extension meal consumption, will continue favorable growth as the industry continues re-engineering its production practices to improve efficiency and international competitiveness. Further, the broiler industry is expected to benefit significantly, in the short term, from the Jamaica's heavy protection of the poultry sector by means of a 260 percent import duty on chicken and chicken leg quarters. The new policy is intended to protect the domestic poultry industry from imports during the periods of expansion and upgrading. Poultry meat accounts for approximately 70 percent of Jamaica's total meat consumption.

Trade

Soybean meal imports into Jamaica have continued as a result of domestic unavailability and strong demand by the feed industry. The United States accounted for 86 percent of total soybean meal exported to Jamaica during 2001. Trinidad and Tobago and Venezuela accounted for 3.8 and 10.2 percent, respectively.

Mixed Feed Production('000 MT) for Market Years (MY) 2001-2003

Types of Feed	2003	2002	2001
Poultry	229	222	230
Swine	46	42	46
Cattle	6	5	6
Other	23	20	16
Total	304	289	298

Source: Industry

Soybean Meal PSD Table

PSD Table						
Country	Jamaica & Dep					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	2	6	2	5	2	5
Production	0	0	0	0	0	0
MY Imports	85	85	90	84	0	87
MY Imp. from U.S.	75	83	80	82	0	85
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	87	91	92	89	2	92
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	85	86	90	84	0	87
TOTAL Dom. Consumption	85	86	90	84	0	87
Ending Stocks	2	5	2	5	0	5
TOTAL DISTRIBUTION	87	91	92	89	0	92
Calendar Year Imports	0	84	0	82	0	85
Calendar Yr Imp. U.S.	0	84	0	80	0	83
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

SOYBEAN OIL

Production

Refined soybean oil is produced by SEPROD and Jamaica Edible Oils and Fats Company Limited, JEOPCo. Total production of refined soybean oil was 11,293 MT during MY 2001, a 13 percent decline from MY 2000. Refined soy oil production does not show any significant signs of recovery for MY 2002 and MY 2003.

Consumption

Jamaica's total utilization of 12,466 MT of soybean oil during MY 2001 is not expected to show any significant growth during MY 2002. In fact, utilization of soybean oil is projected to decrease by 12 percent during MY 2002. Over the same period, utilization of palm oil is projected to increase by over 10 percent. Contrary to soybean oil, which is mostly refined and used as cooking oil, palm oil is mostly used in the production of margarine, which is expected to increase by 14 percent during MY 2002. Utilization of corn and coconut oils have remained very low.

Soybean oil continues to be the preferred oil in the Jamaican consumer market. The product retains market leadership because of its availability, price competitiveness and consumers perception of the superior health benefits associated with soy oil vis-a-vis other oils of plant or animal origins. Consumers demand for edible oils is expected to moderately decline in the medium to long term. Within the increasingly health conscious Jamaican consumer market, consumers are becoming conservative in their consumption of fats and oils. Fast food franchises are beginning to promote broiled and steamed products to the health conscious consumer segment. However, within the declining oil market, consumption of soybean oil is expected to remain strong, as consumers taste and preference continues to be driven by health awareness.

Trade

Jamaica's total importation of crude soybean oil decreased during calendar 2001 and is expected to further decline by 8 percent during 2002. Simultaneously, importation of refined soybean oil increased during 2001 and is projected to grow by a further 10 percent during 2002. Historically, the negative correlation between imported refined and crude soybean oil resulted from the movements of SEPROD and JEOPCo along their respective learning curves to achieve increased refining efficiency and lower output prices, comparable to soybean oil from CARICOM countries. The increase in imports of refined soybean oil is mostly explained by the direct importation of bulk soybean oil by small independent wholesalers/distributors. This trend is expected to continue as new entrants are expected in the industry.

The United States, Trinidad and Tobago and Argentina fulfilled Jamaica's demand for crude soybean oil during calendar 2001. The United States, however, remained the primary supplier. Contrary to Jamaica's

increasing importation of crude soybean oil from the United States, importation from Trinidad and Tobago has shown a sharp decline since 1997. During calendar 2000, the United States was the sole supplier of crude soybean oil to Jamaica. The projected total imports of 17,800 thousand liters of crude soy oil during CY 2002 is expected to be supplied by the United States only.

Trinidad and Tobago remains the primary supplier of refined soybean oil to Jamaica, followed by Barbados and the United States. Argentina began exporting refined soy oil to Jamaica during calendar 2000. The relative contribution of the United States to Jamaica's total refined soybean oil imports has slipped from 5.1 percent in CY 1997 to 2 percent during 2002.

Soybean oil imports ('000 Liters)

	2002	2001	2000	1999
Soybean crude oil				
USA	16,792	13,763	26808	16835
Trinidad & Tobago	0	71	0	27
Argentina	0	4400	0	0
TOTAL	16,792	18234	26808	16862

Other soybean oil

United Kingdom	0	0	0	36
United States	48	8	265	151
Barbados	50	24	86	101
Trinidad & Tobago	2277	2115	605	1081
Argentina	48	58	13	0
Total	2423	2205	969	1369

Marketing

The Jamaican market for edible oils is very competitive, with products being heavily advertised and positioned on the bases of price, quality and, particularly, health benefits. All vegetable oils are positioned on the basis of health benefits, however, soy, olive and corn oils have attracted and retained consumer interest over other vegetable oils. On a brand analysis, the average Jamaican supermarket showcase five to seven brands of oils. The most popular brands are Good n' Natural, from Trinidad and Tobago and Lider, from JEOFCo. Both brands are prudently positioned in the price sensitive consumer market as low-priced, high-quality products. SEPROD, a major player in the market, produces its own brands and

package for several distributors under private brands. However, some smaller independent wholesalers/distributors have moved to import bulk soybean oil for retail packaging.

Policy

As an increasingly important trade bloc, members of the Caribbean Community protects their local industries and facilitate intra-CARICOM trade by levying a Common External Tariff (CET) on products originating from outside the CARICOM region. Refined soybean attracts a CET of 40 percent plus an Additional Stamp Duty of 25 percent, pushing the aggregate applied duty to 75 percent (compounded). Under this regime, refined soybean oil from Trinidad and Tobago, Jamaica's major CARICOM trading partner, is allowed to dominate the Jamaican market on a price basis.

A permit from the Coconut Industry Board (CIB) is a mandatory requirement to the importation of edible plant/animal fats and oils into Jamaica. In addition, the CIB levies a cess of J\$ 0.08/lb. The import permit is used as a mechanism to regulate the inflows of edible oil in an attempt to serve the commercial interest of the Coconut Industry Board.

Crude soybean oil, is classified as a raw material and as such attracts a minimal import duty of five percent.

Utilization of Fats and Oils by End Product

	Soya	Palm	Coconut	Corn	Tallow	Other	Total
2003							
Margarine	1130	1044	0	5	1550	497	4226
Shortening	210	485	0	0	794	909	2398
Cooking oil	9288	145	115	10	0	0	9558
Soap	0	0	0	0	0	0	0
Other	54	0	0	3	0	0	57
Total	10682	1674	115	18	2344	1406	16239
2002							
Margarine	1008	905	0	5	1342	460	3720
Shortening	120	326	0	0	719	789	1954
Cooking oil	11293	270	76	3	0	2	11644
Soap	0	0	0	0	0	0	0
Other	45	0	0	2	0	0	47

Total	12466	1501	76	10	2061	1251	17365
2001							
Margarine	1032	1086	25	25	1005	638	3811
Shortening	92	337	7	0	532	545	1513
Cooking oil	13054	81	146	9	0	0	13290
Soap	0	0	0	0	0	0	0
Other	45	0	0	0	0	0	45
Total	14223	1504	178	34	1537	1183	18614

Soybean Oil PSD Table

PSD Table						
Country	Jamaica & Dep					
Commodity	Oil, Soybean				(1000 MT) (PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	2	2	2	2	2	2
Production	0	0	0	0	0	0
MY Imports	29	16	31	19	0	20
MY Imp. from U.S.	18	15	20	16	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	31	18	33	21	2	22
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	29	16	31	19	0	20
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	29	16	31	19	0	20
Ending Stocks	2	2	2	2	0	2

TOTAL DISTRIBUTION	31	18	33	21	0	22
Calendar Year Imports	0	23	0	18	0	19
Calendar Yr Imp. U.S.	0	22	0	14	0	15
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0